

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

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TO SECSTATE WASHDC 6748

UNCLAS SECTION 1 OF 2 ATHENS 6000

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SUBJECT: MEDITERRANEAN BASIN ENERGY CONSERVATION TECHNOLOGY

EXHIBITION AND CONFERENCE, U.S. TRADE CENTER, MILAN,

MARCH 26-30, 1979

REF: (A) STATE 150425; (B) STATE 44864; (C) 77 ATHENS 905

1. THE FOLLOWING INFORMATION IS IN RESPONSE TO THE REQUEST IN REF A FOR A DESK SURVEY OF GREECE'S POTENTIAL FOR PURCHASING EQUIPMENT AND TECHNOLOGIES WHICH WILL BE FEATURED AT SUBJECT EXHIBIT. BECAUSE STATISTICAL INFORMATION IN GREECE ON AN INDUSTRY BASIS IS IN THE BEST OF CIRCUMSTANCES LIMITED, BUT USUALLY SIMPLY NOT AVAILABLE, WE HAVE NOT BEEN ABLE TO ANSWER ALL QUESTIONS FULLY. SEE ALSO REFS B AND C FOR ADDITIONAL INFORMATION ON GREECE'S ENERGY SITUATION.

2. OVERVIEW OF GREECE'S ENERGY SITUATION: GREECE IS A DEVELOPING COUNTRY WITH LIMITED ENERGY RESOURCES, AND DEPENDS ON CRUDE OIL IMPORTS FOR ABOUT 70 PERCENT OF ITS ENERGY REQUIREMENTS. THE BALANCE IS SUPPLIED BY LOCALLY AVAILABLE LIGNITE COAL (26 PERCENT) AND HYDROELECTRIC POWER (3.6 PERCENT). ANNUAL PER CAPITA ENERGY CONSUMPTION IS 1.4 TONS OF OIL EQUIVALENT (TOP). OVER NINETY PERCENT OF LIGNITE COAL IS UTILIZED IN POWER GENERATION, 54 UNCLASSIFIED

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PERCENT OF WHICH IS CONSUMED BY INDUSTRY, 26 PERCENT BY RESIDENTIAL USERS, 13.6 PERCENT BY COMMERCIAL USERS, 2.4 BY AGRICULTURE, AND THE BALANCE BY OTHER USERS.

3. BECAUSE GREECE WAS SEVERELY HIT BY THE OIL CRISIS, WHICH QUADRUPLD ITS OIL IMPORT BILL, THE GOG'S ENERGY POLICY IS AIMED AT (A) DEVELOPING DOMESTIC ENERGY RESOURCES AND SUBSTITUTING

LOCALLY AVAILABLE LIGNITE FOR IMPORTED OIL, AND (B) CONSERVING ENERGY. WHILE THE FIRST GOAL IS BEING IMPLEMENTED WITH SOME SUCCESS, THE SECOND IS PROCEEDING AT A SLOWER PACE. MEASURES WHICH HAVE BEEN TAKEN SO FAR TO ENCOURAGE CONSERVATION INCLUDE THE REVIEW OF NEW INDUSTRIAL PROJECTS IN TERMS OF ENERGY CONSUMPTION; EXTREMELY HIGH TAXES ON GASOLINE; HIGH AUTOMOBILE TAXES BASED ON ENGINE CONSUMPTION; MAXIMUM SPEED LIMITS; AND PLANS TO IMPROVE PUBLIC TRANSPORTATION. IN THE RESIDENTIAL SECTOR, ANNUAL MAINTENANCE OF FUEL BOILERS IS MANDATORY.

4. MAJOR ENERGY CONSUMERS AND FORMS OF ENERGY:

AVAILABLE BREAKDOWNS SUGGEST THAT MANUFACTURING ACCOUNTS FOR ABOUT 5 MILLION TONS OF OIL EQUIVALENT (TEP) OR FORTYTWO PERCENT OF ENERGY CONSUMED IN GREECE (11,890 TEP IN 1977); COMMERCIAL AND RESIDENTIAL USERS CONSUME THIRTY-ONE PERCENT; AND TRANSPORTATION TAKES ANOTHER TWENTY-SEVEN PERCENT. THE LARGEST INDUSTRIAL CONSUMERS ARE BASIC STEEL AND ALUMINUM INDUSTRIES, WHICH IN 1975 JOINTLY USED 480,000 METRIC TONS HEAVY FUEL OIL AND 3.4 MILLION KWH POWER. TWO-THIRDS OF THE CEMENT INDUSTRY'S POWER IS FROM HEAVY FUEL OIL (615,000 TONS IN 1975) AND ONE-THIRD FROM ELECTRICITY. THE FERTILIZER INDUSTRY'S NEEDS ARE MET BY EQUAL PROPORTIONS (33 PERCENT) OF LIGNITE AND NAPHTHA, HEAVY FUEL OIL (175,000 TONS IN 1975) AND ELECTRICITY. THE TEXTILES INDUSTRY CONSUMES HEAVY FUEL OIL (112,000 TONS IN 1975) AND ELECTRICITY (650,000 KWH IN 1975), AS DOES THE PAPER INDUSTRY (108,000 TONS HEAVY FUEL OIL AND 216,000 KWH ELECTRICITY IN 1975). COMMERCIAL AND RESIDENTIAL

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USERS IN 1975 CONSUMED 246,000 TONS HEAVY FUEL OIL 1500 GRADE, 760,000 TONS DIESEL OIL FOR SPACE HEATING, 109,000 TONS LPG PRINCIPALLY FOR COOKING, AND 7.3 MILLION KWH POWER FOR COOKING, LIGHT, WATER HEATING, AND SOME SPACE HEATING AND AIR CONDITIONING.

5. APPLICATIONS OF INDUSTRIAL ENERGY: THE STEEL INDUSTRY USES ENERGY PRIMARILY FOR PROCESS HEATING; THE ALUMINUM INDUSTRY FOR PRODUCING HIGH PRESSURE STEAM; THE CEMENT INDUSTRY FOR PROCESS HEAT; THE TEXTILE INDUSTRY FOR DRIVES, PROCESS HEAT, MATERIALS HANDLING, AND HEAT TREATING; AND THE PAPER AND PULP INDUSTRY FOR DRIVES AND PROCESS HEAT FOR STEAM GENERATION.

6. COST OF ENERGY: TOTAL COST OF ENERGY CONSUMED BY ALL SECTORS IS ESTIMATED AT \$1.5 MILLION, WITH A UNIT RATE OF .92 DRACHMAS PER KWH (1 DRACHMA EQUIVALENT \$.027). AVERAGE RATE FOR COMMERCIAL/ RESIDENTIAL USERS IS 1.52 DRACHMAS. CERTAIN HEAVY INDUSTRIAL USERS ENJOY CONCESSIONAL POWER RATES

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7. ENERGY CONSERVATION: THE NATIONAL ENERGY COUNCIL (NEC) IS ACTIVELY PURSUING ENERGY CONSERVATION. A JOINT COMMITTEE OF NEC AND OFFICIALS FROM THE FEDERATION OF GREEK INDUSTRIALISTS HAS BEEN ESTABLISHED AND IS ACTIVE IN ENLIGHTENING INDUSTRIALISTS ON METHODS OF ACHIEVING ENERGY CONSERVATION. REPORTEDLY CERTAIN GREEK INDUSTRIALISTS

ARE JUST BEGINNING TO REALIZE THE PROBLEM AND SHOW SOME WILLINGNESS TO INVEST LIMITED FUNDS IN ENERGY CONSERVATION. GREECE DOES NOT MANUFACTURE AUTOMOBILE ENGINES, SO IT CAN ONLY INDIRECTLY INFLUENCE ENERGY CONSERVATION IN THE TRANSPORTATION SECTOR THROUGH HEAVY AND PROGRESSIVE TAXATION ON CARS, GASOLINE TAXES, SPEED LIMITS, AND BY IMPROVING PUBLIC TRANSPORT. IN THE RESIDENTIAL AND COMMERCIAL SECTORS, MOST CONSERVATION MEASURES ARE ONLY AT A "NEAR" ADOPTION STAGE. BUYERS OF SOLAR WATER HEATERS ARE ENTITLED TO DEDUCT HEATER VALUE FROM THEIR TAXABLE INCOME. IN THE INDUSTRIAL SECTOR THERE ARE MEASURES AT VARIOUS STAGES OF IMPLEMENTATION, WHICH PROVIDE FOR INTEREST FREE LOANS AND OTHER CONCESSIONS TO INDUSTRIAL ENTERPRISES INVESTING IN ENERGY CONSERVATION EQUIPMENT

8. INVESTMENT IN ENERGY CONSERVATION: INVESTMENT IN ENERGY CONSERVATION EQUIPMENT AND SYSTEMS IN GREECE HAS BEEN VERY LIMITED SO FAR. THE ONLY CASES OF WHICH WE ARE AWARE ARE HEAT PUMPS, COMBINED STEAM/ELECTRICITY GENERATION SYSTEMS, AND HEAT RECOVERY UNCLASSIFIED

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SYSTEMS IN CERTAIN FERTILIZER AND SUGAR PLANTS, AND COMBINED STEAM/ELECTRICITY GENERATION SYSTEMS AND HEAT RECOVERY AND INSULATION SYSTEMS IN SOME PAPER PLANTS. SOME TEXTILE PLANTS HAVE REPLACED

ELECTRICAL FOR HYDRAULIC MOTIVE SYSTEMS.

9. IN ORDER TO JUSTIFY INVESTMENT IN CONSERVATION TECHNOLOGY,
MOST GREEK INDUSTRIALISTS WOULD EXPECT AMORTIZATION IN 3 - 3 1/2 YEAR
S.

WE HAVE NO FIGURES ON FUNDS AVAILABLE FOR ENERGY CONSERVATION INVEST-
MENTS IN 1979, BUT THEY ARE CERTAINLY LIMITED. ACCORDING TO NEC,
NO GOVERNMENT FUNDS ARE AVAILABLE FOR INVESTMENT IN ENERGY CONSERVATI
ON
TECHNOLOGY. THE AGE OF EXISTING PLANTS IS ESTIMATED TO AVERAGE
20 YEARS.

10. NEC EXPERTS CLASSIFY GREEK ENERGY CONSRVATION REQUIREMENTS
IN FOLLOWING THREE CATEGORIES ON THE BASIS OF DEPRECIATION PERIODS.

(A) DEPRECIATION IN LESS THAN ONE YEAR: MEASURING INSTRUMENTS,
INSULATION SUPPLIES, STEAM TRAPS;

(B) DEPRECIATION IN UP TO 3 YEARS: HEAT EXCHANGERS, AUTOMATION
SYSTEMS, WASTER HEAT RECOVERY SYSTEMS, SYSTEMS FOR COMBINED STEAM/
HEAT GENERATION;

(C) DEPRECIATION IN UP TO 10 YEARS: CHANGE OF TECHNOLOGY.
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